



ARIZONA STATE SENATE
Fifty-Fifth Legislature, First Regular Session

AMENDED
FACT SHEET FOR S.B. 1752

community facilities district
(NOW: conformity; internal revenue code)

As passed by the Senate, S.B. 1752 prescribed the use of the amount of net premium associated with a general obligation bond issue and prohibited the annual property tax levy in a community facilities district from exceeding specified amounts.

The House of Representatives adopted a strike-everything amendment that does the following:

Purpose

Conforms Arizona's tax statutes to the U.S. Internal Revenue Code (U.S. IRC) as of March 11, 2021, to reflect changes adopted by the U.S. Congress during 2020.

Background

The Arizona Legislature periodically updates the statutory definition of the U.S. IRC to include any federal provisions that became effective in the preceding calendar year as a means of paralleling the computation of Arizona income tax and other statutory references throughout the Arizona Revised Statutes to the amended U.S. IRC. Tax conformity with the U.S. IRC is deemed necessary because the calculation of Arizona corporate income tax liability begins with federal taxable income. Similarly, federal adjusted gross income is the starting point for individual income tax assessment.

According to the Arizona Department of Revenue, the fiscal impact to the state General Fund (state GF) associated with the annual Consolidated Appropriations Act, 2021 (CAA) is estimated at \$(3.2) million in FY 2021, \$(17.6) million in FY 2022 and \$(7.1) million in FY 2023. Additionally, the fiscal impact to the state GF associated with the Coronavirus Aid, Relief and Economic Security Act (CARES Act) is estimated at \$(301.2) million in FY 2021, \$(197.3) million in FY 2022 and \$(0.5) million in FY 2023. The Joint Legislative Budget Committee fiscal note estimates that conforming to the CARES Act and the CAA would reduce state GF income tax collections by \$(594.8) million over the next several years ([JLBC fiscal note](#)). These estimates do not include estimates on the provisions of the American Rescue Plan Act, which is included in S.B. 1752.

Provisions

1. Updates the statutory definition of *Internal Revenue Code* to include all provisions in effect as of March 11, 2021, with the specific adoption of all retroactive effective dates, excluding any changes to the U.S. IRC enacted after March 11, 2021.
2. Makes technical and conforming changes.

3. Becomes effective on the general effective date.

Amendments Adopted by the House of Representatives

- Adopted the strike-everything amendment relating to U.S. IRC conformity.

House Action

APPROP	4/13/21	DPA/SE	13-0-0-0
3 rd Read	4/13/21		60-0-0

Prepared by Senate Research

April 13, 2021

MG/g